



# Department of Justice

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**JUSTICE DEPARTMENT ADVISES FCC OF CONCERNS ABOUT  
BELLSOUTH'S APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN  
GEORGIA AND LOUISIANA**

**Department Raises Questions About  
Competitors' Access to BellSouth's Operations Support Systems**

**WASHINGTON, D.C.** - The Department of Justice today advised the Federal Communications Commission (FCC) that the Department is unable to support BellSouth's joint application to provide long distance services in Georgia and Louisiana on the basis of the current record. The Department found that serious questions remain regarding the extent to which BellSouth's operations support systems (OSS) are adequate to support entry by competitors leasing unbundled network elements from BellSouth. However, the Department had no substantial concerns about the ability of fully facilities-based competitors and firms that wish to resell BellSouth's voice services to enter the local market.

The Department noted, however, that it did not foreclose the possibility that the FCC could satisfy itself that these concerns have been adequately addressed prior to the conclusion of the FCC's review of the application.

The Department provided its competitive analysis in an evaluation of BellSouth's joint application to provide long distance services in Georgia and Louisiana under Section 271 of the Telecommunications Act of 1996.

In its evaluation, the Department stated that there were improvements in BellSouth's systems for processing and provisioning competitors' orders during the last three years, but that there are concerns about certain remaining problems with these systems -- many of which most affect competitors relying on the unbundled network element platform (UNE-platform) and digital subscriber lines (DSL). The Department also raises questions about the reliability of the commercial performance data on which BellSouth's application is based.

"Under the guidance of the state commissions in Georgia and Louisiana, BellSouth has made significant strides in opening local markets to competition in these states," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division. "Questions remain about the adequacy of BellSouth's OSS, and these concerns merit the careful attention of the FCC."

BellSouth first sought permission to provide long distance services in Louisiana in November 1997. In its evaluation of that application, the Department concluded that BellSouth failed to demonstrate that it was offering access to the UNE-platform, the ability to provide nondiscriminatory access to its OSS, and that all of its prices (including geographic deaveraging, and rates for collocation and vertical features) were cost-based. In addition, the Department found that BellSouth lacked adequate performance measures.

The Department's evaluation of BellSouth's second Louisiana application, filed in July 1998, concluded that BellSouth had improved access to its OSS and that competitive entry by facilities-based carriers and resellers had increased. The Department noted, however, that CLEC market penetration remained modest and that there was still virtually no UNE competition. The

Department also noted most of the barriers to UNE competition identified in the DOJ Louisiana I Evaluation were still in place. The FCC denied both applications.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as BellSouth, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telecommunications markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions and whether the BOC should be allowed to provide in-region long distance service.

BellSouth filed its application with the FCC on October 2, 2001. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: <http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>.

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